

Agenda of the MNAA Management, Audit & Compliance Committee



Date/Time: Wednesday, August 14, 2024, at 10:30 a.m.

Place: Nashville International Airport – Tennessee Board Room

Management Committee Members: Nancy Sullivan, Committee Chair
Joycelyn Stevenson, Committee Vice Chair,
Jimmy Granbery

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
No requests for public comment received to date. Deadline is August 12, 2024 at 9:00 p.m.
- III. APPROVAL OF MINUTES
July 10, 2024 Minutes of the MNAA Management, Audit & Compliance Committee Meeting
- IV. CHAIR’S REPORT
- V. ITEMS FOR APPROVAL
None
- VI. INFORMATION ITEMS
 1. FY24 CEO Key Performance Indicator (KPIs)
 2. FY25 Strategic Goals
 3. FY25 CEO KPIs
 4. CEO Compensation Benchmarking
- VII. ADJOURN

Minutes of the MNAA Management, Audit & Compliance Committee



Date: July 10, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 10:20 a.m.

Committee Members Present:

Joycelyn Stevenson, Committee Chair; Jimmy Granbery,
Committee Vice Chair

Committee Members Absent:

None

Others Board Members Present:

Nancy Sullivan, Andrew Byrd, Bobby Joslin, and Glenn Farner

MNAA Staff & Guests Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman,
and Rachel Moore

I. CALL TO ORDER

Chair Stevenson called the meeting of the MNAA Management Committee to order at 10:20 a.m. pursuant to Public Notice dated July 5, 2024.

II. PUBLIC COMMENTS

Chair Stevenson stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Stevenson asked for a motion to approve the May 8, 2024 Minutes of the Management, Audit & Compliance Committee meeting. Vice Chair Granbery made a motion and Chair Stevenson seconded the motion.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

The motion was passed with a vote of 2 to 0.

IV. BOARD CHAIR'S STATUS REPORT

Chair Stevenson stated she would like to thank Mayor O'Connell publicly for appointing her for another term on the MNAA Board of Commissioners. Chair Stevenson stated that she would like to put out a public service

announcement and to any of the public in attendance, that should the public have any questions about how MNAA operates or about the MNAA Committee and Board meetings, all of that information is on the website. Anyone can go onto the MNAA website any time and there does not have to be any confusion on what the Commissioners discuss and what is voted on. Additionally, our bylaws provide that the Chair, Vice Chair or any other members of the Board at any time can call for a special meeting with a 72-hours written notice. To the extent there are members of the public that have concerns about a Board member, or feels they do not have a voice or are not able to voice their opinions, please feel free to reach out to the Board or President Kreulen or look on the website. Chair Stevenson stated she wants to make sure the public is aware that there is information available for review. It is a privilege to serve on the Board and it is not something she takes for granted and she brings the same level of professionalism and integrity to her volunteer work as she does to her career of 23 years. She has enjoyed service with the Board and looks forward to the big things ahead.

V. ITEMS FOR APPROVAL

1. None

VI. INFORMATION ITEMS

1. Annual Review of FY24 Strategic Accomplishments

President Kreulen stated the Commissioners received a copy of the FY24 Strategic Goals & Objectives. He described the 3+ year process MNAA has established to develop goals and evaluate progress. Strategic goals are discussed at Board Retreats, and we adjust those goals as necessary based on feedback from Commissioners. The staff has the opportunity to formulate and adjust the goals and in the end the staff are the ones that go through the goals and objectives and rate accomplishments as completed, partially completed or delayed, to come with the year-end score. President Kreulen stated that these goals are stretching to get to the perfect airport model, and above-and-beyond what we do day in and day out to keep BNA operating. The staff gave us a score of 86.4% key accomplishments. That is in his mind very good progress, and he shared some highlights. The business of the airport is very well run; a lot has been accomplished that the public may never see.

MNAA executed new Airline Use & Lease Agreements with 21 airlines – 9 signatory and 8 are non-signatory; 17 hauling passengers, 4 hauling cargo. This is a vote of confidence that the airport is being run correctly and they are on board for the long run. The non-signatories acknowledge an additional fee that they will pay.

MNAA opened the Marketplace, International Arrivals Facility (“IAF”), Satellite Concourse, Hotel and 24 concessions locations. There is approximately ¾ of a billion dollars of new facilities including 102 new concessions locations inside BNA that were built in the last 3 years.

MNAA began Concourse D Extension and the 2nd water line construction. Concourse D Extension opens less than 365 days from today. The second water line is taking us a little while to coordinate with Metro. BNA will not be critically limited if one of the Metro water lines breaks because we will have two independent feeds. Concourse A design and Terminal II/CONRAC siting study are underway.

John C. Tune (JWN) is the number one general aviation airport in the State of Tennessee. There is not another general aviation airport in the state that has invested the money that we have, or that is as business oriented as we are. President Kreulen complimented the leadership of the Board for challenging staff to figure out new ways to generate revenue and pay for all the things wanted at JWN. MNAA executed 6 leases for 10 parcels and completed MNAA construction of ramp, road, water, and power for JWN North Development area. They are all paying us rent now.

MNAA met or exceeded all financial obligations. MNAA set a very aggressive goal last year for hiring - we have hired 88% of the people we wanted to hire and this year 100% of FY24 priority positions were filled.

MNAA is really proud of the professional development with 55 employees earning their AAAE Certified Member (C.M.) accreditation. Each of those employees also received a \$1,500 check upon passing the exam. BNA is one of maybe 2 or 3 airports that provide this kind of training free to employees and provide a financial reward to their employees.

President Kreulen stated he wants to publicly say that we have a strong airport and we have accomplished a lot in FY24.

2. CEO FY24 Key Performance Indicators Preliminary

President Kreulen stated the CEO FY24 Key Performance Indicators (“KPIs”) are the metrics the Board judges his performance on. The CFO and CSO provide the data and the Board gets to interpret what the results are. In FY23 MNAA raised \$253M in revenue, and this year the initial target that the Board established was \$282M and in February because MNAA was doing well the Board changed it to \$302M. MNAA plans to meet that \$302M and probably go above it, but we do not have firm numbers on it. This is the 2nd year in a row that MNAA has generated \$50M more in revenue than the previous year. That is a

great accomplishment on the staff and what they do. Prior to 2017, MNAA had no cash invested and now has 99.4% of our cash invested, with reserves built up to 896 days. The staff and CEO are evaluated quarterly by customers through the passenger survey and annually through the employee survey. Our customers rated the airport at 94 in March 2024. The Board will get all of this data available for the Management Committee and Board to evaluate performance. Traditionally I give this to you in August, and then the Board reviews and discusses the CEO evaluation in the September time frame.

Chair Stevenson asked about the process the CFO and CSO use for evaluating the CEO. President Kreulen stated there are metrics that the Board came up with about 3 years ago. For example, if the CEO just meets the revenue budget, he would be eligible for 90% of the bonus allocated to that metric, but if he goes above by 5% then he would be eligible for 100%. The Board felt the process before the KPIs was too subjective, and wanted it more objective. The financials are calculated by the CFO's finance team to calculate a score. On the Operational calculations, the CSO will track the surveys and goals and then come up with that score. President Kreulen stated he was always concerned when it went from objective to subjective, but it is a numbers based calculation that the Board wants to use to evaluate his performance. He stated he would not reduce necessary expenses if expenses were running above the KPI, and would continue to run the business.

Chair Stevenson asked what the next steps in this process are. President Kreulen replied MNAA will give the Commissioners the documents with the CFO and CSO's best estimates, and the Commissioners will evaluate and discuss. In the end the Board will have the option to say the CEO did ok, or not good in an area. It is the discretion of the Board what bonus to award to the CEO.

3. Executive Session – Discussion with Outside Legal Counsel

Chair Stevenson asked for a motion to suspend the public portion of this meeting to enter into executive session to discuss privileged conversation with outside legal counsel. She stated that following the executive session the public portion of the meeting would resume. Commissioner Granbery made a motion to enter executive session and Chair Stevenson seconded the motion. All MNAA staff exited the meeting. The Committee entered into Executive Session at 10:37 a.m. and the Executive Session concluded at 11:15 a.m.

At the end of the Executive Session, Chair Stevenson asked for a motion to exit the executive session and return to the public portion of the meeting. Commissioner Granbery made a motion to exit the executive session and return to the public portion of the meeting and Chair Stevenson seconded the motion.

ADJOURN

There being no further business brought before the Management Committee, Chair Stevenson adjourned the meeting at 11:15 a.m.

Andrew W. Byrd, Board Secretary

FY25 Strategic Goals & Objectives

- 1. Achieve Financial Commitments (Basrai)**
 - Issue a new Short Term Credit Facility by December 31, 2024, and prepare for a FY25 or early FY26 bond issuance
 - Ensure debt service coverage and days cash on hand are maintained above policy requirements
 - Continually update funding model to ensure adequate access to capital
- 2. Continue to Develop BNA Concessions Program (Johnson)**
 - Complete 8 concessions in Concourse D by July 2, 2025
 - Develop and issue concessions solicitation for Concourse A
 - Develop and issue solicitation for Mezzanine Lounge(s)
 - Develop plan to increase advertising revenue by December 15, 2024
- 3. Organizational Review (Cooper, Lankford)**
 - Complete comprehensive review of Human Resources, Business Diversity Development and Procurement and develop plan to continue improvement of long-range department performance (Cooper)
 - Develop requirements, including recommended roles and required resources, for analytical data center by January 31, 2025 (Lankford)
- 4. Improve Procurement Efficiency and Service (Cooper)**
 - Complete comprehensive review of Procurement Program, including verification of compliance with all local, state and federal requirements, benchmarking against other large hub airports, and evaluation of efficiency and transparency
 - Update Procurement Policy and Procedure Manual and implement updates
 - Implement new credit card program to support corporate credit card/p-card policy by December 31, 2024
- 5. Continue Advocacy of State Support for Long-range Capital Funding (Lankford)**
 - Complete BNA/JWN Economic Impact Study and coordinate with State of Tennessee and TAACA
- 6. Attract and Retain the Best Employees (Cooper)**
 - Complete compensation survey, specialty/shift-differential pay, and provide recommendations to CEO by January 31, 2025
 - Evaluate and develop proposal for improvements to supplemental benefits
 - Conduct recruiting outreach with industry professional organizations and institutions to establish a pipeline of critical skill needs
- 7. Sponsorships and Marketing (Lankford)**
 - Implement Sponsorship Portal and develop reporting for sponsorship spend
 - Determine effectiveness of sponsorship and marketing spend
- 8. Improve Customer Experience (Floyd)**
 - Develop plan that merges customer service and customer experience to provide proactive and urgent response to all facets of customer journey, including required roles and resources by December 15, 2024

- 9. Improve Airport Access (Ramsey)**
 - Complete, manage and maintain Roadway/Traffic Management Model
 - Finalize Future Parking/Garage(s) Plan for 70M passengers
- 10. Enhance Airline Efficiency (Ramsey, Floyd, Johnson)**
 - Complete design and begin construction of improvements to Baggage Handling System (Ramsey)
 - Complete construction of Concourse D Extension by July 2, 2025 (Ramsey)
 - Complete design of Concourse A and award CMAR contract for enabling to begin July 3, 2025 (Ramsey)
 - Award professional services contract for design of Central Ramp (Ramsey)
 - R/W 2L Proposed Extension (Ramsey, Johnson)
 - Award contract for Uniform Relocation Act (URA) requirements, appraisals, surveys and environmental assessments (Johnson)
 - Respond to FAA Agency Review decision (Continue EIS or begin EA) (Ramsey)
 - Coordinate improvements to Air Traffic Control Procedures (Floyd)
- 11. Expand Air Service (Lankford, Floyd)**
 - Continue to pursue International Air Service and obtain at least one new transoceanic route (Lankford)
 - Develop Corporate Engagement plan for each airline at BNA (Lankford)
 - Facilitate improvements to Customs and Border Protection service (Floyd)
- 12. Create Terminal II Strategic Plan (Ramsey, Basrai, Lankford)**
 - Refine preferred site concepts for Terminal II and CONRAC (Ramsey)
 - Develop Terminal II Tenant Relocation Plan (Ramsey)
 - Obtain Board approval to raise Customer Facility Charges (CFCs) to support financing of new Consolidated Rental Car Center (CONRAC) at BNA (Basrai)
 - Develop plan for the funding of New Horizon and Terminal II (Basrai)
 - Develop/produce community storyline for New Horizon and Terminal II Plans (Lankford)
- 13. Airport Authority Long-Range Planning (Ramsey, Johnson)**
 - Create an Airport Authority Long-Range Facility/Campus Plan (Ramsey)
 - Initiate and manage development of a new Airport Master Plan (Critical Facilities: Centralized Receiving & Distribution, Air Freight, ARFF Stations, Fuel Storage, Future Airfield) (Ramsey)
 - Develop plan to purchase additional real estate (Johnson)
- 14. Expand John C. Tune Airport (Floyd, Johnson)**
 - Complete solicitation and execute lease for 2nd FBO
 - Complete solicitation and execute lease or contract for Midfield Development (Johnson)

- 15. Succession Planning (Cooper, Bedrock, Floyd)**
 - Complete solicitation for Human Resources Information System (HRIS), including Performance Management, and develop plan for funding and implementation (Cooper)
 - Begin development of comprehensive plan for organizational development, including training for new managers and defining requirements for leadership positions (Cooper)
 - Develop recommendation for employment agreements for Vice Presidents and above by October 15, 2024 (Bedrock)
 - Develop & publish Talent, Excellence, and Diversity Plan (Cooper)
 - Develop 24/7 duty roster (Floyd)
- 16. Business Diversity Leadership (Cooper)**
 - Publish certified SMWBE, DBE and ACDBE Performance for community distribution
 - Complete actions in response to five 2021 Disparity Study findings, including B2Gnow enhancements
- 17. 2nd Water Line to Airport (Ramsey)**
 - Complete construction of redundant water line by June 30, 2025
- 18. Compliance (Bedrock)**
 - Develop recommendation for updated Board and Staff Ethics policies by October 15, 2024
 - Develop recommendation for updated Board bylaws by December 15, 2024
 - Develop recommendation for comprehensive Compliance Program by December 15, 2024
 - Provide quarterly updates and recommendations to executive staff on legal issues and challenges impacting airports
- 19. Operational Excellence (Floyd)**
 - Develop FAR 139 and TSA 1542 program to be used as benchmark for large hub airport performance for annual preparation
- 20. Media Response Plan (Lankford)**
 - Develop real-time Media Response Plan to improve media accuracy

NOTE: Scoring of items that are due for completion after the end of the fiscal year will be based on projected completion date



July 29, 2024

MNAA Board of Commissioners

Re: Policy Letter 1-006: Board Staff Officer Appointments

In accordance with the 3rd Amended and Restated Bylaws of the Board of Commissioners of the Metropolitan Nashville Airport Authority, Article III, Staff Officers, Paragraph 3.2, Selection, I have appointed the following officers, and all positions were confirmed by the Board of Commissioners as indicated below.

<u>Position</u>	<u>Name, Title, Confirmation Date</u>
Staff Secretary	Trish Saxman, Executive Assistant to the President, October 10, 2022
Auditor/Independent CPA	Plante & Moran, PLLC, June 22, 2020
Legal Counsel	Neale Bedrock, EVP, General Counsel & Chief Compliance Officer, Mar 17, 2021
Treasurer	Marge Basrai, EVP, Chief Financial Officer, November 15, 2017
Chief Engineer	Robert Ramsey, EVP, Chief Development Officer, November 15, 2017

Also in accordance Paragraph 3.2, I have appointed the following officers.

<u>Name, Title, Appointment Date</u>
Lisa Lankford, EVP, Chief Strategy Officer, July 1, 2023
Adam Floyd, SVP, Chief Operating Officer, January 29, 2024
Eric Johnson, SVP, Chief Revenue Officer, January 29, 2024
John Cooper, SVP, Chief Administrative Officer, July 1, 2024

This policy letter replaces all previous versions of board staff officer appointment documentation. Please direct questions related to this policy to the undersigned.

Respectfully,

A handwritten signature in blue ink, appearing to read 'DKreulen', written over a horizontal line.

Douglas E. Kreulen, A.A.E
President and CEO
Metropolitan Nashville Airport Authority

cc: Lisa Lankford, EVP, Chief Strategy Officer
Rachel Moore, Executive Assistant to the President
Trish Saxman, Executive Assistant to the President